

Management Practices and Mental Health

Shoichi Sasaki (Kobe University) Mingyu Jiang (Fudan University)
Labor Economics Conference Sep 15th, 2023

1 Introduction

Aims

- To examine the relationship between each three functions of a companies' business management practices (monitoring & targeting, incentives & promotions, and replacement) and employees' mental health.
- To investigate the heterogeneity between risk-averse and risk-loving groups.

Hypotheses

- Monitoring & targeting positively impacts employees' mental health, especially among those who are risk-averse.
- Bonus & promotions is composed of two effects: the cost (fatigue and pain) associated with employees' effort and the intrinsic motivation, which cannot be derived analytical.
- Replacement has a negative effect on employees' mental health, particularly for those who are risk-averse.

3 Contributions

- Filling the gap and addresses an important area of the relationship between management practices and mental health.
 - Using multi disciplines including economics, HRM and epidemiology.
 - Employing original web-based survey data.
 - For the first time, examining the effects of management score on employees' mental health.

5 Literature Review

- Improving the mental health of employees has become an important issue in corporate management. (Bratton and Gold 2021)
- Mental health has an impact on productivity (Bubonya et.al. 2017)
- Corporate management practices, especially MS are associated with economic outcomes. (Kabayashi et.al. 2021; Tanaka et.al.2022)

6 Data

Data

- An original survey collected in December 2022 and 2019.
- It includes information on employees' mental health, degree of risk-aversion and management practices.

Descriptive statistics

	All		Risk-averse		Risk-loving	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
MHI-5	57.705	18.291	57.361	17.643	57.962	18.932
Overall Management Score	0.498	0.147	0.507	0.146	0.491	0.148
Monitoring-Targeting	0.583	0.175	0.589	0.17	0.579	0.179
Bonus-Promotion	0.496	0.228	0.506	0.228	0.488	0.228
Displacement	0.29	0.369	0.303	0.372	0.281	0.306
Age	38.927	7.641	38.962	7.758	38.902	7.704
Male dummy	0.763	0.426	0.797	0.403	0.737	0.44
Married dummy	0.6	0.49	0.603	0.489	0.598	0.49
Logarithm of wage	15.514	0.441	15.556	0.44	15.483	0.439
Observations	2144		915		1229	

8 Results

MS and MHI-5

	All		Risk-averse		Risk-loving	
	MHI-5		MHI-5		MHI-5	
Overall Score	8.036 ***	(2.860)	3.027	(4.453)	10.925 ***	(3.884)
Observations	2,114		915		1,229	
	All		Risk-averse		Risk-loving	
	MHI-5		MHI-5		MHI-5	
Monitoring & Targeting	9.032 ***	(2.425)	9.333 ***	(4.026)	8.296 **	(3.217)
Bonus & Promotion	6.596 ***	(1.912)	3.654	(2.924)	8.741 ***	(2.587)
Displacement	-3.933 ***	(1.116)	-4.506 **	(1.804)	-3.765 **	(1.521)
Observations	2,114		915		1,229	

*** p<0.001, ** P<0.05, * P<0.1

The control variables including demographic controls and job characteristics.

Complementarity of bonus & promotion and monitoring & targeting

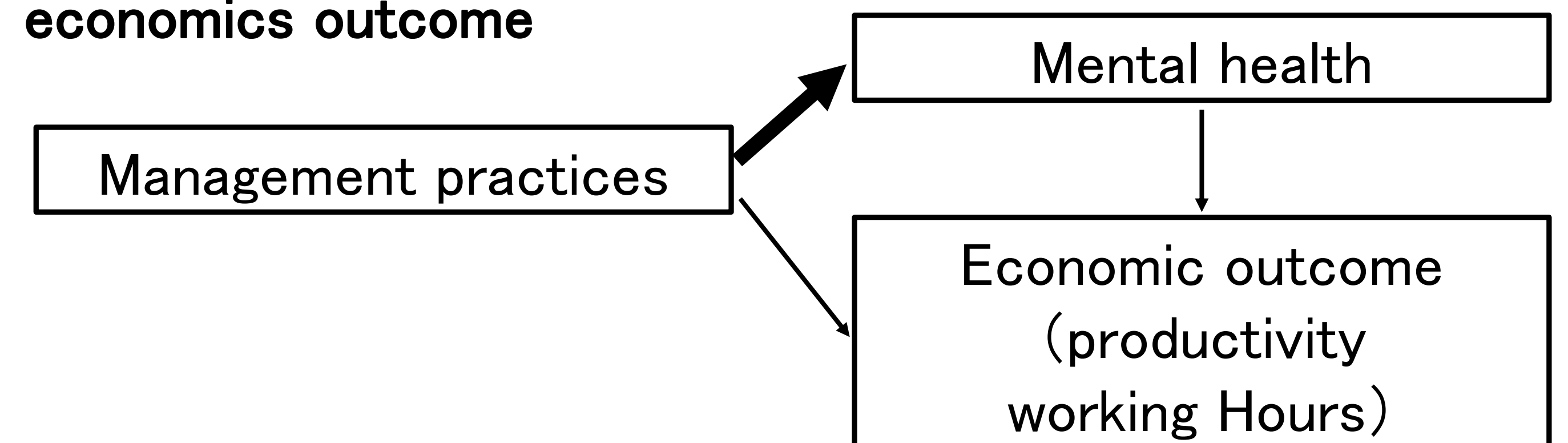
	All
	MHI-5
Monitoring & Targeting	-3.588
	(5.625)
Bonus & Promotion	-8.132
	(6.201)
Displacement	-3.808 ***
	(1.116)
Monitoring & Targeting × Bonus & Promotion	25.738 **
	(9.985)
Observations	2,114

*** p<0.001, ** P<0.05, * P<0.1

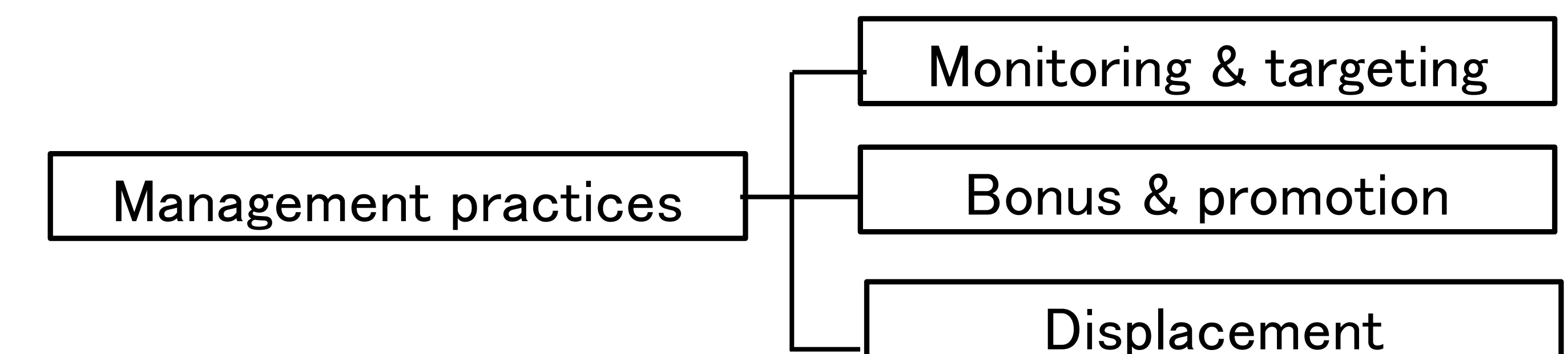
The control variables including demographic controls and job characteristics.

2 Importance of Management Practices

Relations of management practices, mental health and economics outcome



Functions of management practices



4 Background

- The rise in physical and mental health illnesses and poor health conditions caused by occupational stress is a common issue worldwide.
- The global economy suffers significant losses each year due to productivity losses caused by job-related stress, depression and anxiety. (NMH 2023; OECD 2023; WHO 2023; Palmer 2019)

7 Methodology

Empirical model

$$Y_{it} = \alpha + \beta MS_{jit} + X'_{it}\lambda + \gamma_t + \varepsilon_{it}$$

Y_{ijt} : mental health of individual i in year t

MS_{ijt} : a vector of management scores for establishment j

to which individual i belongs in year t , including monitoring & target scores, bonus & promotion scores, and displacement Scores

X'_{it} : a vector of several individual and job-related characteristics

γ_t : year fixed effects

ε_{it} : the error term

9 Conclusion & Discussion

【Baseline results】

- Employees who worked in a companies with a higher overall MS, M & T and B & P scores reported better mental health.
- Employees who worked in a companies with a higher displacement scores reported worse mental health.

【Heterogeneity analysis】

- Risk-averse employees working in companies with high M & T scores had better mental health than risk-loving employees.
- Risk-loving employees working in companies with high B & P scores had better mental health than risk-averse colleagues.
- Risk-averse employees working in companies with higher displacement scores reported worse mental health.

【Complementarity】

- A companies' M & T and B & P had complementary effects and a positive impact on employees' mental health.